Mr. ACKLEY. Yes, sir; the preliminary figures for July were released, I believe, last Thursday; they showed an increase, a preliminary figure, of 1 percent over the very large increase which had been shown in June.

Over the past 5 months retail sales are up 5 percent.

The CHAIRMAN. Let me ask you about that, though, in some detail. In May of 1967 our sales were over May of last year by 5.8 percent. Then in June of this year, they were only 4.3 percent over June of 1966. Now you say July sales in 1967 are over July of 1966 by what percent?

Mr. ACKLEY. Over July of 1966 by 5.4 percent.

The CHAIRMAN. By 5.4 percent. Back more nearly to what they were for May over May.

Mr. ACKLEY. I don't have the year over year comparisons for each month before me, Mr. Chairman.

The CHAIRMAN. What I am getting at there was this decline in the percentage increase in June, over June of 1966, compared to the percentage increase in May of 1967 over 1966. And I just wondered if that is the situation, wherein we find any buildup of inflationary pressures on the basis of no greater percentage increase than we seem to be having in sales?

A whole lot of that difference between 1967 and 1966 is reflected, is it not, in price changes, not in units?

Mr. ACKLEY. If we look at retail sales in July, which were up 5.4 percent over July a year ago, we must recall that 5 percent of that gain was just within the past 5 months. However, I agree we have to recognize that retail sales adjusted for price change would be up by less than that.

Now, in making that adjustment we have to remember that we can't use the Consumer Price Index, which includes services, because service prices have risen more rapidly than goods.

The rise in July of prices of goods sold in retail stores was about 2 percent overall above a year ago. So that roughly 3½ percent of the increase over a year ago in retail sales is real, and perhaps 2 percent of it would be price increase.

I may add that if one examines the composition of the change in retail sales over the past year, it strengthens the view that we have seen a strong performance in the last few months.

For most categories of retail sales, the increases over a year ago are quite striking, and they are particularly striking in the areas which might be thought to reflect consumer confidence.

Take for example, durable goods—furniture, appliances, automobiles. Compared with a year ago, automotive sales in July were up almost 10 percent, the sales of retail automotive group. Furniture and appliances, almost 7 percent. The small gains; on the other hand, are in such things as food. Food store sales in July were only 1.7 percent above a year earlier.

There are clearly some special factors there that I am not sure I understand. But certainly where consumer confidence might seem to be at stake, as reflected in these figures, certainly gives evidence of strong consumer buying patterns.

In considering the performance of retail sales, I think we have to recall that the consumer saving rate so far this year has been abnormally high, although it has begun to drift down. Certainly we are not